



ALAN T. SASAKI  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

HALL OF RECORDS  
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PHONE: (213) 974-0311 FAX: (213) 626-1108

January 21, 2000

To: Audit Committee

From: Pat McMahon, Chief *PTM*  
Audit Division

Subject: **DEPARTMENTAL RESPONSES**

As requested, attached are the latest departmental status reports on the King/Drew Medical CWTAPPS audit and the Public Works fiscal audit.

You also requested an update on the status of the Garbage District surpluses. After discussing this with Public Works management, I believe it would be best for them to directly discuss this issue with you. Accordingly I requested that they attend the February Audit Committee meeting.

If you have any question, please call.

PTM:pja

Attachment



**MARK FINUCANE, Director**

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012

(213) 240-8101

Post-It* Fax Note 7671		Date	# of pages ▶
To <i>MORI</i>	From <i>REZA</i>		
Co./Dept.	Co.		
Phone #	Phone #		
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**BOARD OF SUPERVISORS**

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Fifth District

December 9, 1999

TO: Richard Popper, Chair  
Audit Committee

FROM: Mark Finucane  
Director of Health Services

SUBJECT: **KING/DREW MEDICAL CENTER'S COUNTY-WIDE TIMEKEEPING  
AND PAYROLL/PERSONNEL SYSTEMS (CWTAPPS)**

As requested, attached is the Department of Health Services' King/Drew Medical Center's (KDMC) follow-up report on the status of recommendations contained in the subject audit issued by the Auditor-Controller's Audit Branch. In reviewing the report, I understand that your committee members were concerned over the issues of departmental classification of all nurse managers as "covered" rather than "exempt"; inability of MLK/DMC to document the overtime authorization justification; and the overpayments of \$71,358 to some terminated employees.

As indicated in the attached follow-up report, we have taken corrective actions in implementing all of the recommendations contained in the audit report. To effectively implement changes required by the Abshire court decision, and to comply with the FLSA overtime regulations, and discussion with CAO, the Department in good faith overrode the system making all nurse managers as "covered" positions. For your information, we have requested CAO's approval to continue to classify the nurse manager position as a "covered" class.

In regards to overtime approval and retention of overtime authorization requests, KDMC's current practice is to retain all overtime authorization documents for a period of not less than five years.

The Auditor-Controller identified a total of five overpaid employees for whom collection efforts had not been initiated. As of June 17, 1999 KDMC had notified all five employees and advised them of repayment obligation.

Richard Popper  
December 9, 1999  
Page 2

If you have any questions or require additional information, please let me know.

MF:RA:th  
#910:031

Attachment

c: Fred Leaf

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES

SUBJECT: FOLLOW-UP STATUS REPORT ON KING/DREW MEDICAL  
CENTER'S (KDMC) COUNTY-WIDE TIMEKEEPING AND  
PAYROLL/PERSONNEL SYSTEM (CWTAPPS) REVIEW

AUDITOR-CONTROLLER RECOMMENDATION #1:

KDMC management require Personnel Section supervisors to monitor termination actions, follow up to determine the reasons for late actions and take corrective actions where necessary.

Status:

KDMC has implemented this recommendation. The KDMC/Director of Human Resources reviews and approves each individual outgoing document prior to processing by the Operations Supervisor. Normal processing is within five (5) business days of either receipt of voluntary resignation and/or the effective date of an employee's termination.

AUDITOR-CONTROLLER RECOMMENDATION #2:

KDMC management initiate collection procedures for the uncollected overpayments noted by the Auditor-Controller.

Status:

KDMC has implemented this recommendation. The Auditor-Controller's staff identified a total of five (5) overpaid employees for whom collection efforts had not been initiated. As of June 17, 1999, KDMC had notified all five of the overpaid employees of the overpayment and advised of the repayment obligation, which caused a collection effort to begin by the Auditor-Controller.

The Audit Committee expressed concern regarding the Auditor-Controller's finding of 17 overpayments totaling \$71,358 that occurred between January 1995 and April 1998, with an outstanding uncollected balance of \$40,525 as of April 30, 1998. As previously reported, actual collection efforts are the jurisdiction of the Auditor-Controller's Accounting Division. Collection efforts are initiated by the Auditor-Controller in response to the local facility's letter that advises the employee that an overpayment has occurred. Therefore, there is a distinction between an outstanding balance of overpayments that are due but are uncollected vs. overpayments where the local facility has initiated the collection effort.

AUDITOR-CONTROLLER RECOMMENDATION #3:

KDMC management require the Personnel Section to time stamp all termination documents when received.

Status:

KDMC has implemented this recommendation. All termination documents are date/time stamped upon receipt in the KDMC/Human Resources' Operations Section.

AUDITOR-CONTROLLER RECOMMENDATION #4:

KDMC management require the Payroll/Personnel Sections to strengthen filing system controls.

Status:

KDMC has implemented this recommendation. The preparation and filing of outgoing documents has been centralized within the KDMC Human Resources Operations Section.

AUDITOR-CONTROLLER RECOMMENDATION #5:

KDMC management ensure the Payroll Manager recalculates and signs all overpayment letters.

Status:

KDMC has implemented this recommendation. The Payroll Manager verifies all calculations prepared by Payroll staff and signs actual overpayment letters. Additionally, the Director of Human Resources reviews and provides a note and approval signature to all overpayment letters signed by the Payroll Manager.

The Department's initial response indicated that KDMC would correct the two calculation errors referenced by the Auditor-Controller's report, pending identification of the subject employees by the Auditor's staff. To date, the Auditor's staff have not provided identifying information to facilitate correction by KDMC.

AUDITOR-CONTROLLER RECOMMENDATION #6:

KDMC management ensure overpayment letters are prepared in a timely manner.

Status:

KDMC has implemented this recommendation. The Payroll Manager is responsible for ensuring that overpayment letters are issued as soon as possible after the discovery of an overpayment. The Auditor-Controller agreed that letters issued within 30-days of discovery will be considered as "timely".

AUDITOR-CONTROLLER RECOMMENDATION #7:

KDMC management ensure the Personnel Section, rather than the Payroll Section, processes employee terminations.

Status:

KDMC has implemented this recommendation. In June 1998, the responsibility for processing employee terminations was reassigned from the Payroll Section to the Human Resources' Operations Section.

AUDITOR-CONTROLLER RECOMMENDATION #8:

KDMC management ensure the Personnel Section reviews the 30-Day Absence Report to determine whether an employee has ended County service.

Status:

KDMC has implemented this recommendation. The 30-day Absence Report is reviewed monthly by Human Resources/Operations Section.

AUDITOR-CONTROLLER RECOMMENDATION #9:

KDMC management ensure someone with no payroll responsibilities traces terminated employees' names to the Payroll Sequence Register for at least three consecutive months after termination.

Status:

KDMC has implemented this recommendation. An accounting employee has been assigned by the KDMC/Finance Department to perform internal audits to ensure compliance with the various governing provisions of the County Fiscal Manual.

AUDITOR-CONTROLLER RECOMMENDATION #10:

KDMC management ensure the Payroll Section does not receive, sort, distribute, store returned warrants, or otherwise handle payroll warrants.

Status:

KDMC has implemented this recommendation to the extent possible. The Finance Department employee handles all returned payroll warrants/warrant receipts. Staffing issues are a constraint upon implementing the recommendation that the Payroll Section should refrain from the receipt, sorting and/or distribution of warrants.

AUDITOR-CONTROLLER RECOMMENDATIONS:

KDMC management:

11. Assign an individual with no personnel or payroll responsibility to investigate unclaimed warrants/notices.
12. Ensure that warrants unclaimed for more than 20 days are stamped as "unclaimed" and returned to the Auditor-Controller.

Status:

KDMC has implemented these recommendations. An accounting employee is assigned by the KDMC/Finance Department to perform internal audits to ensure compliance with the various governing provisions of the County Fiscal Manual. KDMC management issued a directive on October 12, 1999 providing all employees with information regarding disposition of unclaimed warrants and notices to direct deposit.

AUDITOR-CONTROLLER RECOMMENDATION #13:

KDMC management ensure a payroll distribution payoff is conducted at least twice a year by employees with no payroll or personnel responsibility.

Status:

KDMC has implemented this recommendation. The assigned accounting employee has conducted a systematic, unannounced, payroll distribution payoff at various pay locations.

AUDITOR-CONTROLLER RECOMMENDATION #14:

KDMC management ensure the Payroll Supervisor reviews the supplemental outgoing warrant amounts for accuracy and approval before sending the request to the Auditor-Controller for processing on CWTAPPS.

Status:

KDMC has implemented this recommendation. The Payroll Manager has implemented an internal control measure to ensure that supplemental outgoing warrant amounts are reviewed for accuracy and approval prior to submission to the Auditor-Controller for processing on CWTAPPS.

AUDITOR-CONTROLLER RECOMMENDATION #15:

KDMC management ensure an overpayment letter is written to recover the overpayment.

Status:

KDMC has implemented this recommendation. This issue relates to an overpayment referenced in Recommendation #2. The required overpayment letter was mailed to the former employee on May 13, 1999. The issuance of the letter was the initial implementation of collection efforts which are followed up by the Auditor-Controller's Office.

AUDITOR-CONTROLLER RECOMMENDATION #16:

KDMC management ensure employees do not have access to their timecard after they have been approved.

Status:

KDMC has implemented this recommendation.

AUDITOR-CONTROLLER RECOMMENDATION #17:

KDMC management continue to ensure all employees receiving standby pay have prior CAO approval.

Status:

KDMC is in compliance with this recommendation.

AUDITOR-CONTROLLER RECOMMENDATION #18:

KDMC management ensure the Negative Leave Balance and Timecard Leave Defaulting reports are reviewed each pay period.

Status:

KDMC has implemented this recommendation. The Payroll Manager personally reviews the reports at the conclusion of each pay period.

The \$491 overpayment to employee #050038 and the 15% overpayment to employee #053075 were resolved through payroll adjustments as confirmed by the Payroll Manager.

AUDITOR-CONTROLLER RECOMMENDATION #19:

KDMC management investigate the FSA report and determine whether overpayments occurred.



Status:

KDMC has implemented this recommendation. The ESA report has been thoroughly investigated and reconciled by the internal auditor. The Auditor's report indicated that the May 1998 ESA report listed 42 employees, whereas the September 1999 report contains only 10 employees. No incidents of overpayment occurred.

AUDITOR-CONTROLLER RECOMMENDATION #20:

KDMC management ensure the Payroll Section completes the Overtime Authorization Exception Report and secures all overtime authorizations.

Status:

KDMC has implemented this recommendation. The Overtime Authorization Exception Report is completed by the Payroll Section and aggressively monitored by Hospital Administration to secure all overtime authorizations.

AUDITOR-CONTROLLER RECOMMENDATION #21:

KDMC management retain all overtime authorizations for at least five years for audit purposes.

Status:

KDMC has implemented this recommendation. The Audit Committee expressed concern regarding the Auditor's finding that 88% of the overtime authorizations for 1997 were unavailable. The current practice is to retain all overtime authorization documents for a period of not less than five years. Consistent with our previous report, KDMC is exploring the feasibility of retaining overtime authorizations as scanned documents to ensure that storage is not an obstacle to compliance.

AUDITOR-CONTROLLER RECOMMENDATION #22:

KDMC management ensure overtime is pre-approved within 24 hours in cases of emergency and proper authorization procedures are followed.

Status:

KDMC has implemented this recommendation. KDMC management has revised their internal policy and procedure(s) regarding overtime authorization. The policy is pending approval by the Executive Committee and will be distributed to all department/division managers and supervisors by December 31, 1999.

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AUDITOR-CONTROLLER RECOMMENDATION #23:

DHS management work with the CAO to determine the appropriate FLSA designation for Nurse Managers.

Status:

The DHS Corporate Office of Human Resources Management have concluded its evaluation of the current status of the Nurse Manager position assigned to DHS and is currently requesting the CAO's approval (see attached memo) to continue to classify the Nurse Manager's position as a "covered" class.

AUDITOR-CONTROLLER RECOMMENDATION #24:

KDMC management ensure all bonuses are processed within the Auditor-Controller deadlines.

Status:

KDMC has implemented this recommendation. Bonuses are processed within the established Auditor-Controller deadlines upon receipt of appropriate documentation by KDMC/Human Resources.

AUDITOR-CONTROLLER RECOMMENDATION #25:

KDMC management conduct an annual review to ensure employees receiving bonuses are eligible.

Status:

KDMC has implemented this recommendation. All bonuses are being audited on an annual basis to determine each employee's eligibility for continuation.

AUDITOR-CONTROLLER RECOMMENDATION #26:

KDMC management ensure payroll clerks verify employees have IA earnings during the entire compensability period.

Status:

KDMC has implemented this recommendation. The four employees identified by the Auditor's report as having payment discrepancies have been appropriately adjusted. Payroll clerks are appropriately verifying that employees have IA earnings during the period of compensability.

AUDITOR-CONTROLLER RECOMMENDATION #27:

KDMC management review the Retro Processing Detail Report each pay period.

Status:

KDMC has implemented this recommendation. The Payroll Manager reviews the Retro Processing Detail Report each pay period, identifying any corrections required to the appropriate payroll clerk for processing and verification.

AUDITOR-CONTROLLER RECOMMENDATION #28:

KDMC management ensure profile assignments are as restrictive as possible based on the employee's job responsibilities and scope of his/her job function.

Status:

KDMC has implemented this recommendation. User profiles have been reviewed and are appropriately restrictive to each employee's job responsibilities and job related activities functions.

AUDITOR-CONTROLLER RECOMMENDATION #29:

KDMC management ensure employees with CWTAPPS access have their access periodically evaluated. Employees who transfer, terminate or change duties that do not require CWTAPPS access should have their access deleted immediately.

Status:

KDMC has implemented this recommendation. CWTAPPS access is immediately deleted for employees who transfer, terminate or change duties that do not require CWTAPPS access.

AUDITOR-CONTROLLER RECOMMENDATION #30:

KDMC management ensure employees do not leave terminals unattended while logged on to CWTAPPS.

Status:

KDMC has implemented this recommendation. User staff are aware of the sensitivity and security of the CWTAPPS system, and have been instructed to not have their terminals unattended while logged on to CWTAPPS.

AUDITOR-CONTROLLER RECOMMENDATIONS:

KDMC management:

31. Ensure the Payroll Manager and/or supervisor review the required CWTAPPS reports each pay period and make appropriate corrections.
32. Retain CWTAPPS reports at least five years for audit purposes.

Status:

KDMC has implemented these recommendations. As indicated in our status to recommendations #18, #19 and #21, the Payroll Manager personally reviews the required CWTAPPS reports at the conclusion of each pay period, and the CWTAPPS reports are retained for a period of not less than five years.

AUDITOR-CONTROLLER RECOMMENDATIONS:

KDMC management:

33. Ensure employees turn in timocards within KDMC's established time frame.
34. Ensure supervisors verify time worked by subordinates before signing the timocards.

Status:

KDMC has implemented this recommendation. KDMC Human Resources issued management directives in May 1998 and in November 1999 requiring the timely submission of timocards, and stipulating that timocards must bear the counter-signature of the employee's supervisor.

AUDITOR-CONTROLLER RECOMMENDATION #35:

KDMC management recode the 97 sick days to vacation days, as the use of a sick variance was not supported.

Status:

KDMC has completed this recommendation. The subject physician's timocards have been re-audited; 97 days of sick have been recorded as vacation.

AUDITOR-CONTROLLER RECOMMENDATIONS:

KDMC management:

36. Refer the unauthorized timecard adjustments and the delay in paying the physician to HSA Inspection and Audit Division for further investigation and a determination of whether disciplinary action is warranted.
37. Consult with County Counsel regarding the Department's responsibility to report the late payments to the Divorce Court.

Status:

KDMC has completed this recommendation. The employee received a formal written reprimand and was admonished to comply with DHS and KDMC's policies regarding timely completion/submission of timecards. County Counsel determined that there is no obligation to disclose the employee's delayed salary payment to the Divorce Court.

AUDITOR-CONTROLLER RECOMMENDATION #38:

KDMC management ensure the payroll clerks research outstanding issues on a regular basis.

Status:

KDMC has implemented this recommendation. Consistent with the previous response to Recommendation #7, this recommendation was implemented in June 1998.

AUDITOR-CONTROLLER RECOMMENDATION #39:

KDMC management review the Payroll Section timecard coding workload to determine if additional staffing is necessary.

Status:

This recommendation is being reviewed by KDMC management to determine appropriate staffing.



**MARK FINUCANE, Director**

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-7738

Gloria Molina  
First District

Yvonne Brathwaite Burke  
Second District

Zev Yaroslavsky  
Third District

Don Knabe  
Fourth District

Michael D. Antonovich  
Fifth District

December 2, 1999

TO: Patricia Swancutt  
Assistant Division Chief  
Chief Administrative Office

FROM: Fred Leaf, Chief - Staff  
Department of Health Services

SUBJECT: FAIR LABOR STANDARDS ACT STATUS FOR NURSE MANAGERS

This is to request approval under the Fair Labor Standards Act (FLSA) to classify Nurse Managers as Covered employees.

Reason for Request

The reason for this request is to respond to a July 7, 1999 Auditor-Controller Countywide Timekeeping and Payroll/Personnel System (CWTAPPS) Review at King-Drew Medical Center.

Background

On February 18, 1991, the Chief Administrative Officer provided all Department and District Heads with the FLSA - Abshire Decision encouraging Departments to review the work of the Department in terms of managing the work product rather than the employees' presence at work. He requested Departments to determine which classes in the Department are legitimately exempt, the way exempt classes should be treated within the FLSA constraints, and that Departments develop a plan for effectuating the needed changes.

On February 28, 1991, the Department submitted our initial reaction and approach to meet Departmental needs. One of the main points in this memo was the recategorization of Exempt classes which included mostly Registered Nurses and a few Allied Health professionals. The issues driving this decision were: 1) recruitment and retention factors which included keeping pace with the competition in total compensation and the short supply of these positions in the marketplace, 2) paid time has been the practice for many years, 3) operational realities need maximum incentives to keep these employees at work and provide coverage when we have coverage gaps.

On March 25, 1991, the Department submitted additional recommendations to effectively and efficiently implement changes required by the Abshire Decision. Registered Nurse classifications still presented a problem as exempt status would be at odds with pervasive local and national practice in the health care industry.

Patricia Swancutt  
December 2, 1999  
Page 2

On August 2, 1991, the Department provided the Executive Committee with a draft policy for review and comment for the implementation of overtime procedures in response to the FLSA Abshire decision.

On August 21, 1991, the Department submitted to the CAO their proposed overtime policy which was amended to reflect the recent Abshire court decision. This policy determined that 47 registered nurse classes should be redesignated as "covered" for FLSA purposes in order to maintain our competitive position in the community and eliminate potential recruitment and retention problems.

On December 6, 1991, the Chief Administrative Officer, in response to issues raised by several departments, provided Department Heads with modifications to his original policy.

On January 6, 1992, the Department implemented the New Overtime Policy/Procedures to bring us into compliance with FLSA overtime regulations.

During this period of time, the Department was undergoing a reclassification of the Nursing management positions. The consultant performing this study recommended that we continue covering the supervising/manager positions according to industry standard. The Nurse Manager was created by reclassifying some positions in the Assistant Nursing Director I and II, and certain Supervising Staff Nurse positions. In our policies submitted previously, these positions were indicated as "Covered". Verbal discussions were conducted and verbal approvals were received on designating these positions as covered. The Nurse Manager classification is assigned to DHS only and will have no impact on any other County Department. The Department in good faith overrode the system making these positions Covered based on these discussions.

#### Action Requested

- 1 Request Chief Administrative Office approval based on the above information to continue to classify the Nurse Manager position as a "Covered" class
- 2 Upon approval, DHS will provide the Auditor-Controller with the necessary documents indicating Chief Administrative Office approval to override the FLSA designation on CWTAPPS for Nurse Managers

If you have any questions or require additional information, please let me know, or your staff may contact Alan Knauss or Mary Zartman at (213) 240-7951.

FL:maz:psam



# CO NTY OF LOS ANGELE

## DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100

HARRY W. STONE, Director

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE  
REFER TO FILE: F1-2

November 30, 1999

TO: Richard Popper, Chair  
Audit Committee

FROM: Harry W. Stone  
Director of Public Works

### FOUR-MONTH FOLLOW-UP REPORT ON AUDITOR-CONTROLLER'S REVIEW OF PUBLIC WORKS FISCAL OPERATION

Per your request, we have completed the attached four-month follow-up report on the status of our implementation of the Auditor-Controller's recommendations. The Audit Committee expressed particular interest with three issues. We have addressed these issues and will take the following actions:

#### Garbage Disposal Districts

- Large reserves that the Department has accumulated in specific Garbage Disposal Districts

In discussion with the Board offices, we indicated that we will review all Garbage Disposal District (GDD) rates during the current fiscal year based on the new contract cost for the Athens GDD. The current contract for pickup services expires on June 30, 2000. We will be releasing a Request for Proposal (RFP) for the Athens GDD service contract in December 1999 with a proposed deadline to receive responses to the RFPs in mid-January. We believe that the bids received for the Athens GDD will be indicative of the future costs of providing garbage disposal service for all GDDs. We anticipate that the contract costs will not increase significantly and that the large surpluses will continue. As such, we are researching with County Counsel the procedures for issuing refunds to the Districts. We will submit recommendations on reducing the surpluses to the Board in the spring of 2000.

Post-it® Fax Note	7671	Date	1/19	# of pages	14
To	Pat McMahon	From	Chuck Adams		
Co./Dept.		Co.			
Phone #	213 974-0301	Phone #	626 458-4006		
Fax #		Fax #			



Richard Popper  
November 30, 1999  
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### Revenue

- *Inaccurate representation of revenue in the Department's budget*

Our budget request for Fiscal Year 2000-2001 will be based on probable revenues based on historic actuals.

### Procurement and Contracting Practices

- *Departmental procurement and contracting practices, particularly in its methods of obtaining and evaluating bids*

Our procurement and contracting practices have been revisited to ensure that adequate controls are in place. The staff involved in the procurement and accounts payable process have been reinstructed to adhere to the Internal Services Department Purchasing and Central Services' purchasing standards and to follow County policies and procedures relating to the obtainment and evaluation of bids as well as procurement and contracting activities. In order to enhance contracting practices, we have developed procedures that will ensure that vendor proposals are independently reviewed by multiple individuals and that each proposal is adequately evaluated. County Counsel is currently reviewing our procedures and we plan to have the procedures implemented by March 31, 2000. A checklist is also being developed to ensure that all contract files contain the appropriate contracting documents and that documents are complete and current.

In our July 28, 1999 response to the Auditor-Controller, we indicated that thirty-nine (53 percent) of the seventy-four recommendations were to be implemented by December 1, 1999. These have been implemented and, in addition, we have implemented an additional fourteen (19 percent) recommendations prior to their scheduled target dates. We anticipate completion of the remaining open recommendations according to schedule. Our Internal Audit Group will periodically review each area to ensure each recommendation is being addressed and complied with.

Richard Popper  
November 30, 1999  
Page 3

If you have any questions, please contact Charles W. Adams, Deputy Director, at (626) 458-4006.

 PM:smm  
P:\UNTAUDIT\AUDITRES\4-MONTHFOLLOWUP\REPORT

Attach.

cc: Supervisor Don Knabe  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich  
Chief Administrative Officer  
Auditor-Controller  
County Counsel

bc: Harry W. Stone  
James A. Noyes  
Charles W. Adams  
Financial Management Branch  
Internal Audit Group

DEPARTMENT OF PUBLIC WORKS  
FISCAL REVIEW (7/29/99)  
DETAIL LISTING OF AUDIT RECOMMENDATIONS AND IMPLEMENTATION STATUS  
AS OF NOVEMBER 30, 1999

Page 1 of 11

Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
1. Public Works management budget appropriations so they do not exceed probable revenues and available fund balance	Budget/ Fund Management	The Department's Internal Departmental Budget Instructions have identified the need for all divisions to budget accordingly. Our budget request for Fiscal Year 2000-2001 will include the best estimate of probable expenditures and revenues.	PI	Budget Year 2000/2001
2. Public Works management develop a formal plan that includes specific uses and time frames for utilizing its designations for approval by the Board	Budget/ Fund Management	The Department is in process of developing plans for designations including specifying the uses and time frames for approval by the Board.	PI	Budget Year 2000/2001
3. Public Works management determine a reasonable reserve amount for the Garbage Disposal Districts and use surplus funds to reduce user charges or otherwise reduce the surplus.	Budget/ Fund Management	As part of the 2000-2001 budget preparation process, the Department will analyze the reserve amount in each Garbage Disposal District (GDD). A surplus reduction plan will be developed and reflected in our budget request for Fiscal Year 2000-2001.	PI	Budget Year 2000/2001
4. Public Works management review each revenue transaction to establish appropriate revenue accruals at the fiscal year end for all unbilled earned revenue that it expects to collect within the following fiscal year and also account for all future earned revenue that may not be collected within the following twelve months as deferred revenue.	Fiscal	The Department sent an accrual letter on July 28, 1999 and a supplemental accrual letter on August 5, 1999 to the Auditor-Controller. In the letters, we accrued all unbilled earned revenue that the Department expects to collect within the following fiscal year and classified all future earned revenue that may not be collected within the following 12 months as deferred revenue.	I	Completed
5. Coordinate purchases with the requesting divisions and ISD to ensure Public Works is obtaining the best prices.	Operational Services	Operational Services Division management has verbally reiterated to staff to consult with ISD to ensure that the best prices are being obtained, even among agreement vendors, while considering product quality and availability. Also, staff was refamiliarized with the procedures.	I	December 31, 1999
6. Ensure ISD approval is obtained for purchases over \$5,000 and that approval documentation is maintained.	Operational Services	All purchases of \$5,000 or more are sent to ISD for processing and approval documentation is maintained.	I	December 31, 1999
7. Ensure that sole source purchases are justified.	Operational Services	Sole source purchases are justified. The justification is documented and retained.	I	December 31, 1999
8. Ensure agreement items are not purchased using non-agreement vendors.	Operational Services	Staff is reviewing and distributing all available ISD vendor agreement information to field staff to ensure that agreement items are not being purchased from non-agreement vendors. Also, FAS requires stipulation of vendor agreement status at the time the request is being entered.	I	December 31, 1999

Status: I = Fully Implemented; PI = Partially Implemented; NI = No Action Taken; NA = No Longer Applicable; D = Disagree.

DEPARTMENT OF PUBLIC WORKS  
FISCAL REVIEW (7/29/99)  
DETAIL LISTING OF AUDIT RECOMMENDATIONS AND IMPLEMENTATION STATUS  
AS OF NOVEMBER 30, 1999

Page 2 of 11

Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
9. Contact ISD to have repetitively purchased non-agreement items that exceed a total of \$5,000 sent out to bid and placed on agreement	Operational Services	Procurement staff will request ISD to establish agreements for repetitively purchased non-agreement items and provide consumption data to substantiate their request for an agreement.	NI	December 31, 1999
10. Ensure that the best-priced vendors from prior purchases are asked to bid on current purchases	Operational Services	Operational Services Division management has instructed staff to use the Vendor Price History Screen to obtain the best priced vendors from prior purchases to ask for their bid on current purchases.	I	December 31, 1999
11. Ensure that requisitions have authorized signatures prior to purchasing requested items	Operational Services	Effective July 1, 1999, the requisition process in our new financial accounting system (FAS) requires approvals to be completed electronically prior to purchasing requested items.	I	Completed
12. Ensure that procurement staff verifies the prices and payment terms for agreement purchases before ordering supplies	Operational Services	Operational Services Division management reinstructed staff involved in the procurement process to verify vendor prices and payment terms from agreements before ordering supplies.	I	Completed
13. Ensure that the accounts payable staff consistently verifies the accuracy of invoices against agreement prices and terms before processing them for payment	Fiscal	Staff involved in accounts payable process were reinstructed to verify vendor prices and payment terms from agreements before making payments.	I	Completed
14. Ensure that Procurement staff obtains bids for vendor-specified purchases as required by ISD purchasing standards	Operational Services	Operational Services Division management reinstructed staff to obtain bids for vendor-specified purchases as required by ISD purchasing standards	I	Completed
15. Instruct procurement staff on the importance of following ISD/PCS purchasing standards and re-instruct procurement supervisors within Operational Services and the decentralized purchasing locations on the proper review procedure to be followed when approving purchases	Operational Services	Operational Services Division management instructed staff involved in the procurement process to comply with ISD/PCS purchasing standards.	I	Completed
16. Ensure that all paid invoices are stamped "PAID" to prevent reuse	Fiscal	Accounts Payable staff were instructed to ensure that all invoices are marked "PAID" to prevent reuse. FAS has an edit feature that will not allow duplicate payments to be processed. In addition, Internal Audit staff will conduct quarterly vendor payment reviews which will address this recommendation.	I	Completed

Status I = Fully Implemented; PI = Partially Implemented; NI = No Action Taken; NA = No Longer Applicable; D = Disagree;

DEPARTMENT OF PUBLIC WORKS  
FISCAL REVIEW (7/29/99)  
DETAIL LISTING OF AUDIT RECOMMENDATIONS AND IMPLEMENTATION STATUS  
AS OF NOVEMBER 30, 1999

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Recommendation	Responsible		Status	Target Implementation
	Division	Action Taken		Date
17. Programs Development Division work in conjunction with the Fiscal Division to ensure the contract city billings are collected in a timely manner	Fiscal	Programs Development Division developed an action plan. Its City Services Section will review various reports to identify all outstanding invoices, work with each city on resolving outstanding issues, and report to the affected Division Heads regarding status of unpaid invoices greater than 90 days.	I	September 30, 1999
18. Fiscal Division provide copies of the "Detail Aging Collection Report By Provider" monthly to the Programs Development Division for follow-up with the contract cities with overdue invoices.	Fiscal and Programs Development	Copies of the "Detailed Aging Collection Report By Provider Type" are sent monthly to Programs Development Division for follow up with the contract cities with overdue invoices. On October 20, 1999, Internal Audit staff verified that a copy of the report for the period ending October 8, 1999 was provided to Programs Development Division.	I	September 30, 1999
19. Public Works management determine a reasonable time frame for invoices to be paid by contract cities and include a late payment penalty fee provision in future contracts.	Fiscal	Fiscal Division will develop a proposal, with Programs Development Division's input, for Administration to approve.	NI	July 1, 2000
20. Ensure contract proposals are evaluated by a committee	Administrative Services and Affected Divisions	The Department has developed RFP Evaluation Procedures. The procedures are currently under review by County Counsel. Once approved, the procedures will be required by the Department.	PI	March 31, 2000
21. Ensure all phases of the evaluation process are formally documented	Administrative Services and Affected Divisions	The Department has developed RFP Evaluation Procedures. The procedures are currently under review by County Counsel. The procedures address formally documenting the evaluation process.	PI	March 31, 2000
22. Compare and summarize the evaluations and document the committee's selection consensus	Administrative Services and Affected Divisions	The Department has developed RFP Evaluation Procedures. The procedures are currently under review by County Counsel. The procedures address formally documenting the committee's selection consensus.	PI	March 31, 2000
23. Ensure contract files contain all appropriate supporting documentation	Administrative Services and Affected Divisions	The Department has developed RFP Evaluation Procedures. The procedures are currently under review by County Counsel. The procedures address maintaining appropriate supporting documentation in contract files.	PI	March 31, 2000
24. Ensure its proposal evaluation forms contain specific, detailed, and objective rating criteria, and where necessary include explanations/instructions describing how rating areas are to be evaluated.	Administrative Services and Affected Divisions	The Department has developed RFP Evaluation Procedures. The procedures are currently under review by County Counsel. The procedures provide for standardized rating criteria that are specific, detailed, and objective.	PI	March 31, 2000

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Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
25. Review all evaluations to ensure the evaluators are consistent in assigning points, the resultant scores are generally consistent, and evaluation documents are free of errors and/or factual oversights.	Administrative Services and Affected Divisions	The Department has developed RFP Evaluation Procedures. The procedures are currently under review by County Counsel. Once approved, the procedures will present a uniform methodology for evaluating bidders.	PI	March 31, 2000
26. Ensure that all required information is provided by contract firms as a precondition to finalizing a contract.	Administrative Services	The Department is developing a checklist for required documentation which will be included in each contract folder.	PI	March 31, 2000
27. Review the contract files to ensure all required information is included and still current.	Administrative Services	The Department is developing a checklist for required documentation which will be included in each contract folder. The folder will be reviewed to ensure all required documentation is included and still current.	PI	March 31, 2000
28. Public Works management establish a time frame for Divisions to process out-of-service paperwork.	Personnel & Public Affairs	Personnel & Public Affairs Division has instructed all divisions to process outgoing paperwork for terminated employees within two working days.	I	December 1, 1999
29. Public Works management establish time frames for processing and entering out-of-service employees into CWTAPPS to coincide with the Auditor-Controller's deadline schedule.	Personnel & Public Affairs	Payroll Section provided Personnel with time frames for processing and entering out-of-service employees into CWTAPPS to coincide with the Auditor-Controller's deadline schedule.	I	December 1, 1999
30. Public Works management ensure someone with no payroll responsibilities traces terminated employees' names to the Payroll Sequence Register for at least three consecutive months after termination to ensure they are not receiving payroll warrants or direct deposits.	Internal Audit Group	In October, Internal Audit staff performed a review of terminated employees for the period of March 1 through June 30, 1999. The auditor traced terminated employees' names to the Payroll Register for three consecutive months to ensure they did not receive any payroll warrants or direct deposits. This review will be performed routinely.	I	November 1, 1999
31. Public Works management add payroll item numbers to timecards.	Personnel & Public Affairs	This Department is in the process of modifying the Individual Time Report to include the Item Number. The modified form is expected to be in use sometime in November 1999.	PI	July 1, 2000
32. Public Works management ensure that someone independent of the payroll and personnel functions conduct payoffs on an unannounced basis at least twice a year to ensure that all employees receiving warrants or direct deposit notices are bona fide.	Personnel & Public Affairs	An employee who has no payroll or personnel functions is assigned to conduct payoffs on an unannounced basis. Currently, the payoff is conducted annually because it requires a large amount of manpower to cover the Department's 122 pay locations. We will look into the feasibility of conducting payoffs twice a year.	PI	March 31, 2000

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Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
33. Public Works management ensure that persons independent of the payroll, personnel, and timekeeping functions. A) Receive and distribute payroll warrants and direct deposit notices. B) Investigate and store unclaimed warrants and direct deposit notices	Personnel & Public Affairs	(A) Due to limited resources in some of the field offices, assigning the job of receiving and distributing the checks to someone other than the person(s) with timekeeping responsibilities could be operationally problematic and, on a cumulative level, have a negative productivity impact since our field personnel work in crews. The Department is in the process of identifying the field offices where we are unable to fully comply and periodically monitor. (B) Any unclaimed warrants and direct deposit notices will be forwarded to Fiscal Division for safekeeping. Internal Audit Group will be notified by Fiscal Division to investigate and determine dispositions.	PI	February 28, 2000
34. Public Works management ensure that all payroll staff are trained to calculate TD and VRMA benefits correctly.	Personnel & Public Affairs	Public Works provided training in May 1999 to all payroll staff in calculating Temporary Disability and Vocational Rehabilitation Maintenance Allowance benefits correctly.	I	Completed
35. Public Works management improve lines of communication between payroll and return-to-work sections as well as the third party administrator	Personnel & Public Affairs	Public Works has and will continue to take steps to strengthen communication between Payroll and Return To Work Sections as well as the third party administrator. For example, Public Works periodically meets with the third party administrator and the County's Contract Monitor to discuss certain rules or communication problems. This will require ongoing efforts on the part of all parties.	I	Completed
36. Public Works management request the third party administrator to provide a master listing of individuals working for the Department receiving workers' compensation benefits on a quarterly basis and utilize it to identify overpayments and underpayments	Personnel & Public Affairs	Personnel & Public Affairs Division requested the third party administrator to send a master listing of Public Works employees receiving Workers' Compensation benefits on a quarterly basis. This quarterly listing will be forwarded to the Payroll Section for use in identifying overpayments and underpayments.	I	December 31, 1999
37. Public Works management review all recent workers' compensation claims for overpayments and underpayments and begin collection and payment efforts on identified overpayments and underpayments	Personnel & Public Affairs	The Payroll Section has started to review Worker's Compensation claims for overpayment and underpayments. Collections and payment efforts on identified overpayments and underpayments will be done on a continual basis.	PI	March 31, 2000

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Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
38 Public Works management review, date, and sign the Overtime Activity Report each pay period	Personnel & Public Affairs	Reports are sent to each division for review monthly and a line is present at the bottom of the report for the Division Head's signature. The Division Heads are required to sign the report as indication that they have reviewed it. Since this audit and to ensure compliance, instruction has been sent with each monthly report.	I	Completed
39 Public Works management annotate overtime exception reports to document the disposition and date of corrective action for each exception and ensure that supervisors periodically review the reports and date and sign them	Personnel & Public Affairs	Payroll staff were instructed to ensure the overtime exception report is annotated, signed, and dated. Payroll supervisors were instructed to periodically review the reports, and sign and date them. Internal Audit Group will verify the implementation of this recommendation routinely.	I	December 1, 1999
40 Public Works management assign an individual or section to centrally monitor overtime for all divisions	Administrative Services	Administrative Services Division is assigned to centrally monitor overtime for all divisions	I	December 1, 1999
41 Public Works management develop policies regarding the maximum amount of overtime hours an employee can work in a given time period (day, week, month, or year)	Personnel & Public Affairs	The Department has developed a policy regarding the maximum amount of overtime hours an employee can work in a given time period as to normal operations. However, as an emergency response organization, exceptions may occur.	I	October 30, 1999
42 Public Works management assign personnel and payroll staff to the minimum CWTAPPS access level that allows them to perform their job responsibilities.	Personnel & Public Affairs	Personnel and Payroll staff are assigned the minimum CWTAPPS access level that allows them to perform their job responsibilities.	I	December 1, 1999
43 Public Works management restrict profiles that permit changes to both payroll and personnel information to management and high-level supervisory personnel.	Personnel & Public Affairs	Profiles that permit changes to both payroll and personnel information are restricted to management and high-level supervisory personnel.	I	December 1, 1999
44 Public Works management periodically review profile assignments of personnel and payroll staff to ensure that individuals are assigned appropriate access levels	Personnel & Public Affairs	The Division Head of Personnel & Public Affairs Division reviews profile assignments of personnel and payroll staff semi-annually to ensure that individuals are assigned appropriate access levels.	I	December 1, 1999

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Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
45 Public Works management evaluate the effectiveness of assigning personnel and payroll staff to a separate CWTAPPS processing center to restrict access to their own records, but still enable them to access Departmental personnel and payroll information in CWTAPPS	Personnel & Public Affairs	Personnel and Public Affairs Division has evaluated the situation and determined that a separate processing center for our small centralized payroll and personnel sections is not cost effective. Therefore, Personnel and Public Affairs Division established an alternative control in which Payroll's and Personnel's timesheets will be audited monthly and reconciled to CWTAPPS All Earnings Reports.	I	March 1, 2000
46 Public Works management ensure that all employees receiving bonuses have supporting authorization documentation in their Personnel files	Personnel & Public Affairs	Personnel Section checked personnel files to ensure that all employees currently receiving bonuses have the appropriate documentation in their personnel files.	I	February 1, 2000
47 Public Works management prepare a report on an annual basis of all employees receiving bonuses and assign someone without any personnel and payroll responsibilities to review the report to verify that personnel receiving bonuses continue to be eligible. The report should be signed and dated by the person performing the review	Personnel & Public Affairs	Personnel & Public Affairs Division assigned an employee in the Classification Unit to verify the personnel receiving bonuses are eligible. This process will be performed annually in August of each year. The reviewer will sign, date, and retain the report.	I	March 31, 2000
48 Public Works management install a security alarm system in all warehouses and secure counter areas.	Operational Services	Security systems (alarms and/or on-site guards) are in place at 12 of the 13 Departmental warehouses. Installation of an alarm system at the remaining warehouse facility (MD1) has been postponed pending a decision to transfer the operation (and the relocation of the warehouse) to Operational Services Division.	PI	March 31, 2000
49 Public Works management restrict personal vehicle access at all warehouse areas	Operational Services	Operational Services Division management reiterated to warehouse personnel that personal vehicles in close proximity to any warehouse is prohibited.	I	December 31, 1999
50 Public Works management rotate staff between specific duties and facilities for better internal control and segregation of duties.	Operational Services	Currently, rotation of staff between facilities is limited because the employees are under the supervision of several different divisions. This recommendation will be fully implemented when a unified warehouse management is in place.	PI	June 30, 2000

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Recommendation	Responsible		Target Implementation	
	Division	Action Taken	Status	Date
51. Public Works management require Operational Services Division to ensure that Harvey M. Rose Special Study recommendations are implemented	Operational Services	Operational Services Division is responsible for monitoring the implementation of the Harvey M. Rose Special Study recommendations. The Division has developed a monitoring procedure and will continue this monitoring process until the recommendations are implemented.	I	Completed
52. Public Works management reduce the number of employees who have access to the quantity on-hand adjustment function.	Operational Services	The adjustment code has been restricted to the Inventory Desk Operator, Systems Administrator, and two FAS trainers.	I	Completed
53. Public Works management ensure individuals at the warehouses code the adjustment forms along with explanations for the changes and have them processed only by a restricted number of authorized individuals at a central location who are not responsible for maintaining the inventory. Retain the adjustment forms at the central location and warehouse that requested the changes.	Operational Services	Operational Services Division management has instructed warehouse workers to ensure that adjustment forms include the appropriate adjustment code and explanations for the changes and to retain the adjustment forms at the Materials Management office (central location) and warehouse. Changes are processed by one Division staff member. Two other employees are assigned backup responsibility for processing changes. The Internal Audit Group will conduct periodic reviews to ensure this recommendation is being addressed.	I	Completed
54. Public Works management have the individuals who input the changes to the on-hand balances and the warehouses that requested the changes document their review of the changes and maintain a copy of the ICPS quantity adjustment report.	Operational Services	Operational Services management has instructed the individual who input the changes to the on-hand balances and the warehouses that requested the changes to document their review and maintain a copy of the quantity adjustment documentation.	I	Completed
55. Public Works management require log sheets from manually monitored underground fuel tanks to be entered weekly.	Fleet Management Group	Fleet Management Group has instructed each Fuel Site Supervisor to submit all "Fuel Sheets" weekly to the central office for data input.	I	November 30, 1999
56. Public Works management require supervisors to complete an override form and immediately submit this form to the data entry operator for input and require override forms be investigated, maintained, and reviewed by management.	Fleet Management Group	The manual fuel issues form (Fuel Sheet) has been revised to include an Override check box. Marking the Override check box changes the priority of the sheet to a daily submission. All overrides will be investigated, maintained, and reviewed by an assigned Fleet Management staff.	I	November 30, 1999

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Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
57 Public Works management require acquisitions of fuel from other departments to be entered into the Automated Fuel System	Fleet Management Group	The Automated Fuel System has been modified to accept transactions for fuel issued to Public Works from other Departments. The feature is referred to as "Site 99." This feature will prevent transactions from being double-posted to any vehicle	I	January 31, 2000
58 Public Works management generate and review exception reports on a regular basis	Fleet Management Group	The generation of exception reports is being accomplished on a weekly basis. Fleet Management has assigned a staff to review the exception reports on a regular basis	I	Completed
59 Public Works management monitor fuel usage by reconciling the volume transferred into the underground fuel tanks with the volume dispensed.	Fleet Management Group	Fleet Management Group proposes a plan to automate the reconciliation requirement. There are current discussions with the vendor regarding upgrade strategies. Fleet Management Group is also budgeting for hardware improvements to the system	PI	January 31, 2000
60 Provide American Express with a listing of Public Works employees authorized to purchase tickets and request them to only accept orders from these employees	Administrative Services	Public Works has contacted American Express to inform them that they should only accept reservations from Department employees who are authorized to make travel reservations. A fund organization number and a list of authorized employees have been provided to American Express	I	Completed
61 Develop a methodology to ensure American Express can authenticate the caller's identity.	Administrative Services	An outline of an agreed upon methodology to authenticate those employees who can make reservations have been provided to American Express.	I	Completed
62 Require American Express to only accept reservations when a fund organization number is provided	Administrative Services	Public Works has contacted American Express to inform them that they should only accept reservations from Department employees who are authorized to make travel reservations. A fund organization number and a list of authorized employees have been provided to American Express.	I	Completed
63 Public Works management reference correlating travel advance and expense claim warrants in the travel advance and expense claim log	Fiscal	Public Works staff has revised the Travel Advance and Expense Claim Log and started referencing correlating Travel Advance and Expense Claim Warrants in the log.	I	Completed

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Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
64 Public Works Management ensure that expense claims are submitted within two weeks of the completion date of the trip	Administrative Services and Fiscal	Administrative Services Division has modified the Travel Advance Agreement to reiterate the importance of turning in the expense claim within two weeks after the completion of the trip. In addition, Accounts Payable was instructed to ensure that staff follow up with all employees who do not submit their expense claims within two weeks of the completion date of the trip.	I	December 31, 1999
65 Enforce payroll deductions for travel advances that are not supported by expense claims and excess funds that are not reimbursed within two weeks	Fiscal	Accounts Payable will submit payroll deduction cards to Auditor-Controller to enforce payroll deductions for travel advances that are not supported by expense claims and excess funds that are not reimbursed within two weeks of the completion date of the trip.	I	December 31, 1999
66 Maintain a refund log to assist in monitoring excess funds that need to be reimbursed. All entries in the refund log should be referenced to the travel advances in the travel advance and expense claim log	Fiscal	A log is maintained to monitor excess funds that need to be reimbursed with references to Travel Advances	I	December 31, 1999
67 Include a travel request number column in the Southwest Airlines log	Administrative Services	The Travel Coordinator is noting the travel request number in the log as the vouchers are issued.	I	Completed
68 Issue Southwest Airlines vouchers in sequential order to prevent misplaced vouchers	Administrative Services	The Travel Coordinator is now issuing both Southwest Airlines and Car Rental vouchers in sequential order.	I	Completed
69 Establish sub numbers for blanket travel request numbers to accurately account for the number of trips	Administrative Services	Public Works has discontinued the use of Blanket Travel Requests.	I	Completed
70 Develop an additional approval or justification process for every trip of an individual who has a blanket travel request form	Administrative Services	Public Works has discontinued the use of Blanket Travel Requests. A travel request which reflects justification for the trip and supervisory approval is now required for each trip taken by the two individuals previously utilizing a Blanket Travel Request.	I	Completed
71 Ensure that copies of issued Southwest Airlines vouchers are maintained in the travel file	Administrative Services	The copies of issued Southwest Airlines vouchers are now maintained in the travel file.	I	Completed
72 Issue car rental vouchers in sequential order and maintain a control log of vouchers that includes the travel request number of the file in which it is stored	Administrative Services	The Travel Coordinator is now issuing Car Rental Vouchers in sequential order, and noting the Travel Request Number in the log as the vouchers are issued. A copy of each issued voucher is filed in the appropriate voucher Log and travel file.	I	Completed

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Recommendation	Responsible Division	Action Taken	Status	Target Implementation Date
73 Ensure that the travel coordinator record all car rental expenses (vouchers and reservations) into the travel log and database	Administrative Services	All car expenses have been included in the current fiscal year Travel Log and database.	I	Completed
74 Public Works Management assign the supervisor responsible for travel coordinating functions to reconcile the travel expense database with CAPS on a monthly basis	Administrative Services	Administrative Services is working with FAS personnel to generate a report so that travel expenses can be reconciled on a monthly basis.	PI	December 31, 1999

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